



Department of Justice

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JUSTICE DEPARTMENT REACHES SETTLEMENT WITH FIRST DATA AND CONCORD EFS

First Data to Divest Entire Interest in NYCE Corporation to Resolve Department's Concerns: Settlement Protects American Businesses and Consumers

WASHINGTON, D.C. – The Department of Justice today announced that it has reached a settlement with First Data Corporation and Concord EFS under which First Data has agreed to divest its entire interest in NYCE Corporation in order to proceed with its proposed \$7 billion acquisition of Concord EFS. The Department was scheduled to go to trial today. As a result of the settlement, the trial will not go forward as scheduled.

The Department will file a proposed consent decree today that, if approved by the court, resolves the Antitrust Division's competitive concerns and lawsuit, and ensures that merchants will continue to benefit from the existing competition between Concord's STAR and First Data's NYCE PIN debit networks. The competition that the divestiture preserves has brought lower prices and better services for PIN debit transactions both to merchants and to the consumers who purchase goods and services from them.

"This settlement is a victory for American businesses and consumers," said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division. "The Division was prepared to show at trial that the acquisition, as originally proposed, would have caused merchants to pay higher prices for PIN debit transactions, which could have forced them to pass on those price increases to consumers. This settlement ensures that American businesses will pay

competitive prices for PIN debit transactions and that consumers will benefit from that competition.”

The Department was joined in its complaint by the District of Columbia and the following states: Connecticut, Illinois, Louisiana, Massachusetts, New York, Ohio, Pennsylvania and Texas. All of these states have joined in the settlement.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, along with the Department's competitive impact statement. Any person may submit comments concerning the proposed consent decree during the 60-day comment period to Renata B. Hesse, Chief, Networks & Technology Enforcement Section, Antitrust Division, U.S. Department of Justice, 600 E Street, N.W., 9th Floor, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the court may enter the consent decree upon finding that it serves the public interest.

Background

On October 23, 2003, the Department filed a lawsuit to block the acquisition stating that the transaction would have substantially reduced competition among PIN debit networks, which could have resulted in consumers paying higher prices for goods and services from merchants that offer debit transactions. According to the complaint, filed in the U.S. District Court in Washington, D.C., Concord owns STAR, the largest PIN debit network, and First Data owns NYCE, the third-largest PIN debit network. These networks enable consumers to purchase goods and services from merchants through PIN debit transactions by swiping their bank cards at a merchant's terminal and entering a Personal Identification Number, or PIN. According to the complaint, PIN debit networks provide an increasingly important method of payment for consumers and retailers because PIN debit is the least expensive, most efficient, and most secure

form of card payment. In 2002, consumers used PIN debit networks to purchase more than \$150 billion in goods and services.

First Data Corporation, headquartered in Greenwood Village, Colorado, is a Delaware corporation. First Data owns 64 percent of NYCE Corporation, which operates the NYCE PIN debit and ATM network. NYCE is headquartered in Montvale, New Jersey. In 2002, First Data reported worldwide revenues of \$7.6 billion. First Data's merchant services group, which includes NYCE, accounted for \$2.8 billion of the company's revenues.

Concord EFS Inc., headquartered in Memphis, Tennessee, is a Delaware corporation. Concord operates STAR, the nation's largest PIN debit and ATM network. In 2002, Concord reported revenues totaling nearly \$2 billion.

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